A MEMBER OF ARTHUR YOUNG INTERNATIONAL

ARTHUR YOUNG

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January 8, 1985

Mr. David Cohn
Point Foundation
150 Gate Five Road
Sausalito, CA 94965

Dear David,

I am writing to confirm our telephone conversation of December 12, 1984. We would be pleased to perform an audit of your financial statements for the year ended December 31, 1984. However, we understand that you have decided against an audit or review for the current year, but will require our services to prepare the 1984 tax returns.

We respect your decision regarding the audit, but feel it is our responsibility to highlight our concerns. First, as management of a not-for-profit foundation, you have a fiduciary duty to fulfill. As last year's audit has shown, procedures to ensure better safegarding of assets and stronger internal controls were needed. While the discovery of unremitted subscription revenues from credit card sales is unlikely to recur, it indicates the need for an audit which encompasses a review of your accounting procedures and policies. Secondly, your bookkeeper's absences in 1984 and 1985 will contribute to an unstable accounting environment. And third, in future years, if you decide that an audit is needed, the lack of inventory observation at the beginning of the fiscal year, will necessitate a balance sheet audit only. Alternatively, significant audit work and resulting fees would have to be incurred to reconstruct the year's activity in regards to inventory in order to form an opinion on the income statement.

Jim Rottman of Arthur Young will be in contact with you to arrange the preparation of your 1984 tax returns. We look forward to working with you in the coming year.

Sincerely,

Jill

Jill Summerbell
(415) 393-2865

JS/dh

cc: Stewart Brand
Paul Hawken
Jerry Engel
Jim Rottman